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## GENERAL

1. UK-France favor Austrian treaty on Soviet terms—The British and French representatives at the Austrian treaty talks in New York have taken the line with US Representative Reber that the conclusion of an Austrian treaty at the present time, even on Soviet terms, is better than no treaty at all. The British-French view is that if negotiations break down now, the treaty will be indefinitely postponed and the Soviet occupation prolonged, a development which will more effectively wreck the Austrian economy than will the treaty terms which the USSR now demands. The three representatives agreed, after Reber had pointed out that the US approach to the question is basically different from the British and French, to refer the matter to their respective foreign ministers in order to determine a common approach for the next meeting.

US views on Austrian treaty—The Department of State has advised Secretary Acheson in New York that present British and French views regarding the Austrian treaty raise serious questions regarding the whole western position toward the treaty. The Department believes it should be strongly pressed upon Bevin and Schuman that any further concessions to Soviet demands would endanger the basic US objective of creating an Austrian state capable of independent existence. The Department believes that Vishinsky's present position indicates that the USSR does not at this time want a treaty which would require military withdrawal from Austria, Hungary, and Rumania, except on terms which would permit subsequent Soviet repossession of all Austria. The Department stresses that to yield to Soviet demands following the atomic announcement would have more serious repercussions in Europe generally than failure to conclude an Austrian treaty.

State Dept. review completed

The Department declares it could not ask the US Senate to ratify a treaty involving greatly increased US aid to an Austria which would at best constitute a definite security risk.

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2. US support of Yugoslav SC candidacy favored—US Embassy Moscow believes that the US should give quiet but firm and unwavering support to the Yugoslav candidacy for the UN Security Council, inasmuch as "the promotion of Titoism, and nationalism everywhere, will advance US interests generally." Expressing the view that the Yugoslav candidacy reflects Yugoslavia's firm intention to stand on its own feet in international affairs, the Embassy argues that there is no need for the US to bend over backward to avoid offending Soviet sensibilities in the matter.

